



COUNCILMEMBER DONNA FRYE

City of San Diego
Sixth District

MEMORANDUM

DATE: April 17, 2003

TO: Michael Uberuaga, City Manager

FROM: Councilmember Donna Frye *Donna Frye*

SUBJECT: Audit Oversight Committee to Supervise the Comprehensive Audit of the San Diego City Employees Retirement System

As a follow-up to my April 11, 2003 memo I recommend that an Audit Oversight Committee be appointed to oversee the comprehensive and independent audit of the San Diego City Employees Retirement System (SDCERS). I suggest this committee be formed using the guidelines outlined below.

- The Audit Oversight Committee shall be comprised of five (5) members with the following minimum qualifications:
 - Each committee member shall be independent of the City of San Diego and SDCERS and confirm in writing that in their professional judgment they are, in fact, independent
 - A majority of committee members shall be financially literate
 - At least one (1) member shall be designated as the financial expert
 - At least one (1) member shall be a City of San Diego retiree
- The Audit Oversight Committee's key responsibilities will be to:
 - Define and implement the scope of work
 - Select an appropriate and independent firm to audit SDCERS
 - Monitor component parts of the audit process
 - Provide independent communication and information flow between the Audit Committee and the external auditor
 - Ensure an open process and transparency
 - Review proposed audit scope and approach
 - Report results of the audit to City Council and SDCERS
- A summary of the process is as follows:
 - Audit Committee prepares a Request for Qualifications (RFQ) and reports back to City Council
 - Audit Committee prepares a short list of qualified responders to the RFQ and reports back to City Council and SDCERS

- Audit Committee selects an independent audit firm to perform comprehensive audit of SDCERS
- City Council approval of the selected audit firm
- Audit Committee will monitor the audit process and report results

cc: Mayor Dick Murphy
City Council
Fred Pierce, Chair, SDCERS Board
SDCERS Board of Trustees

DF/ks